

## **STATEMENT TO THE HIGH-LEVEL SYMPOSIUM ON TRADE AND DEVELOPMENT**

**Ambassador Charlene Barshefsky  
United States Trade Representative**

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The United States, as a founding member of the GATT and the World Trade Organization, welcomes this High-Level Symposium on Trade and Development.

We are committed, as expressed in the WTO's Preamble, to ensure that developing countries, and especially the least developed among them, share in the benefits of trade and international economic growth. Our national market access policies, our work within the trading system, and the agenda on which we are working with our trading partners all contribute to realization of that goal.

This meeting is a practical expression of that commitment on a worldwide scale, and the U.S. delegation is very pleased to take part in it. As we prepare for our role as host and Chair of the WTO's Third Ministerial Conference in Seattle, and develop ideas for an agenda that will be both manageable and beneficial to all members, the advice we receive here will be of immense value. Thus I applaud the WTO and Director-General Ruggiero for holding this meeting.

Furthermore, this High-Level Symposium is an ideal complement to the discussions closed yesterday in the High-Level Symposium on Trade and Environment. Though these two meetings were held separately, the two subjects -- environment and development -- are inextricably linked. Our experience demonstrates that these things can go together, as higher environmental standards and cleaner production are compatible with and supportive of economic growth. Healthy people and healthy ecosystems are more productive. This link between economic growth and environmental improvement is enshrined, together with the commitment to development, in the WTO's Preamble, which includes sustainable development as a fundamental objective of the trading system. In endorsing this concept, WTO members recognized that trade and the economic growth it helps to create must be fostered in the context of sustainable development which integrates economic, social and environmental policies.

### **RECORD OF THE TRADING SYSTEM**

Let me open our statement with some thoughts on the goals and record of the system.

Economic growth, sustainable development, and opportunity for citizens are fundamental goals of every society. And the record of the past five decades clearly shows how the trading

system has helped us reach them.

Since 1960, tariffs have dropped 90% and non-tariff barriers to trade have been dramatically reduced. More recently, market access for agriculture and services has expanded with the conclusion of the Uruguay Round. Thus, since 1960 trade has grown fifteen-fold; world economic production has quadrupled; and world per capita income has more than doubled.

The implications of this for the lives of our people have been immense. To choose three basic indicators, during this period world life expectancy has grown by twenty years, infant mortality has dropped by two-thirds, and has famine receded from all but a few corners of the world. The work we have done to create and develop the trading system, then, has helped nations grow and allowed families throughout the world to live better lives.

All WTO members can be proud of this record -- but we must not rest content with it. Rather, as we applaud the success of so many of our trading partners in the Americas, Asia, Africa and elsewhere; and as we consider the vast new opportunities created by new technologies -- medicines and hospital equipment, computers and the Internet, pollution monitoring and control -- we must develop an agenda that will build upon it for the generations to come.

## **LESSONS LEARNED**

To frame the discussion, we might begin by reflecting on the lessons of the past decades.

First, trade and engagement in the international economy are essential for growth. Those of us who have benefitted from the system and prospered more quickly must offer meaningful market access to our developing country partners, especially the least developed.

Second, membership in the system and implementation of commitments are equally important. As tariffs and other trade barriers fall, firms and farmers buy essential inputs at lower cost. As economies adopt policies consistent with WTO principles -- open markets, transparency and the rule of law -- they benefit from greater competition and become more efficient. Sound regulatory systems and protection of intellectual property rights are essential to promote technological advance and attract investment. Without these measures -- each a fundamental principle of the WTO -- the system's ability to promote growth and development is reduced.

Third, all members must be able to implement commitments and assert their rights within the system. We have listened to the concerns of many of our developing country partners about the difficulties they encounter in these areas. All of us, the WTO, and other related institutions, must do more to solve these concerns through institutional reform and technical assistance.

Fourth, we still have untapped potential and opportunities. The WTO's work in the future can take advantage of these to open markets more fully and find new areas of common interest and mutual benefit.

Turning from these broad lessons to our specific policies, let me address four issues: our own market access policies; institutional reforms and technical assistance to help developing countries take full advantage of their rights in the system; the importance to developing countries of making, deepening and implementing commitments; and the development of an agenda for the future which will benefit all members.

## **U.S. TRADE PHILOSOPHY AND MARKET ACCESS POLICIES**

I will begin with our own responsibilities. As an industrial country and a founding member of the trading system, we are committed to providing our developing country trade partners an open, healthy market. This is especially important during the present financial crisis.

Today, well over half our imports from developing countries enter the United States duty-free. During the 1990s the United States has taken nearly half of the growth in developing country exports to the industrial world: \$210 billion in new exports between 1991 and 1997, compared to \$135 billion for the EU and \$64 billion for Japan. This continued during 1998, when as the most recent figures show, developing country exports to the United States rose by 7% – more rapidly than to any other major market – in the first two quarters.

Looking to the future, our policies will create an even more open market in the future. As a matter of law, we ensured that we would implement our WTO commitments on schedule, including those of particular interest to developing countries. And we have requested renewal from Congress of the Generalized System of Preferences, which offers special duty-free access to numerous developing countries. I have used my own discretionary authority, in fact, to expand the GSP by a further 1,783 tariff lines in the last two years.

At the same time, our initiatives in each region of the world offer substantial additional market access and deeper relationships with developing country trade partners. These include, among others, the President's Economic Partnership with Africa, which brings Trade, Economic and Foreign Ministers from Africa to Washington today to develop common interests and further improve a growing economic relationship; the associated African Growth and Opportunity Act; the Asia-Pacific Economic Cooperation forum; the negotiations toward the Free Trade Area of the Americas; and the Caribbean Basin Initiative expansion recently introduced in Congress. As the US-Africa Ministerial indicates, each of these includes, in addition to market access opportunities, substantial economic and technical cooperation initiatives, and regular high-level meetings at which we exchange ideas and develop areas of mutual interest.

In the trading system as well, our work takes into account the ideas of developing country trade partners, seeking to accommodate them and find new areas of common interest. Here, we can take advantage of the WTO's stronger structure to work in three dimensions simultaneously, including institutional reforms and capacity-building at the WTO; ongoing results in priority areas; and a manageable negotiating agenda to be completed on an accelerated timetable.

Let me address each of these in turn, beginning with the institutional issues.

## **CAPACITY-BUILDING AND TECHNICAL ASSISTANCE**

The U.S. submissions to the General Council in Special Session addressed in some detail our concerns about institutional issues and strengthening the functions of the trading system. Our fundamental view is that all members must be able to assert their rights, implement their commitments and build public confidence in the system. These are principles we share with virtually all members. While not negotiating issues per se, the institutional reforms necessary to realize them are critical to the health of the system in the next century, and particularly to the participation of less developed trading partners.

### **1. Multilateral Initiatives**

This begins with efforts at the WTO to ensure that less developed countries can implement their commitments and take full advantage of their rights.

We are thus committed to help the WTO improve its technical assistance and capacity-building functions. We have worked closely with the Committee on Trade and Development to promote technical assistance, and believe the materials prepared for the High-Level Meeting on the Least Developed were helpful to governments as they designed their own national technical assistance programs. And we hope to take advantage of the Ministerial Conference and the new Round to pursue ideas for institutional reform and improvement in greater depth.

For example, a number of developing countries have requested assistance in building their capacity to participate in dispute settlement procedures. A group led by Colombia has made a constructive proposal to create an Advisory Center, which could provide meaningful assistance, including institution-building and legal assistance, and will be self-supporting through fees and its endowment. The Center should be a completely separate entity from the WTO and all its staff. This separation is essential in order to assure the continued impartiality and credibility of the WTO and its dispute settlement mechanism.

At the same time, the WTO can benefit from close cooperation with its partners in the constellation of other international organizations – UNCTAD, IMF, IBRD, ILO and UNDP – and the regional organizations to take advantage of all the training and expertise available. We need to expand our work without duplicating efforts. For example, the Integrated Program of Technical Assistance has been highly effective in coordinating programs for the least-developed, and we may want to explore this model more broadly.

### **2. U.S. Technical Assistance and Cooperation Programs**

Our own bilateral and regional initiatives, to which we have committed well over \$50 million in the past year, complement and support the technical assistance efforts underway

through the WTO.

The full benefits of participation in the WTO require implementation of the Uruguay Round Agreements and membership in the more agreements on Basic Telecommunications, Information Technology and Financial Services. These involve in some cases complex regulatory policies and legislation, which many of our national technical assistance programs are designed to support.

One special focus is agriculture. Together with the U.S. Agency for International Development, the Department of Agriculture and the Commerce Department's Commercial Law and Development Program, we have provided national and regional WTO workshops, as well as assistance with respect to our own market access programs, GSP regulations and phytosanitary rules and other topics. This summer, for example, the Department of Agriculture will fund a seminar which brings representatives from 40 African nations to Washington for a seminar on the Agreement on Agriculture and the Agreement on Sanitary and Phytosanitary Standards.

A second is telecommunications. USAID, together with the Federal Communications Commission and other agencies, undertakes technical assistance efforts in telecommunications worldwide. One prominent example is USAID's Southern Africa Regional Telecommunications Restructuring Program (RTRP), which helps promote modern telecommunications laws and regulation in six southern African nations through technical advice, seminars for regulatory officials and suggestions on legislation.

And a third is electronic commerce and the Internet. Here let me applaud the initiative undertaken by Egypt to have a seminar on this issue under the auspices of the Committee on Trade and Development. Delegations came away much richer from the discussion with developing country entrepreneurs about how E/Commerce facilitates economic development. We are enthusiastic about this potential, and are prepared to do our part in promoting Internet access and capability for our developing country trade partners.

To cite one example, through the Leland Project, AID has helped Madagascar, Mali, Mozambique, Cote d'Ivoire, Benin, Rwanda, Senegal and Guinea set up national gateways, and begun discussions with four more countries. Today Africa has nearly forty indigenous Internet Service Providers, and African small businesses, artisans and cultural industries are engaged in electronic commerce. We are supporting this by providing wireless modems and small, solar-powered computers so small businesses outside national capitals can link to the Internet.

Likewise, our recently introduced Internet and Development Project seeks to assist in policy reform that is aimed at liberalization, open competition and universal access. The key for successful initiatives will be a focus on the ability of small and medium sized enterprises to use the Internet in a way that allows them to take full advantage of the information age. The potential for electronic commerce to promote development is something the WTO should welcome and promote.

## **FUTURE AGENDA FOR WTO MEMBERS AND ACCEDING ECONOMIES**

These examples bring home the importance of making and implementing commitments. It is ultimately these commitments that maximize access to modern telecommunications, agricultural markets, and investment; and which create the competitive home markets which generate more rapid development.

Many of our partners have indicated in the course of preparing for the Third Ministerial Conference that we still have much to do to ensure that the Agreements we have achieved are fully implemented. As the discussions so far have shown, this is a widely shared concern and not an issue which breaks down along north south lines.

Where implementation is a problem for any members, we are ready to work with them on a case-by-case, issue-by-issue basis. But on a broader scale, implementation of commitments on schedule is important to the system and to developing countries in particular. Tariff reductions, intellectual property rights enforcement and other commitments may be complex, but are essential to create efficiency within the domestic economy, ease access to 21<sup>st</sup>-century technologies, attract investment, and thus promote development. Furthermore, requests for broad extensions of transitions in any one area are likely to lead to similar requests for extensions in other areas, posing a risk to the delicate balance achieved in the Uruguay Round. Thus, broad extensions of transitions have the potential to weaken the Agreements achieved in the Uruguay Round, slowing economic development and damaging developing countries most of all.

We applaud the efforts of economies seeking accession to the WTO, and their commitment to reform their trade regimes to comply with WTO rules. Many seek to finish negotiations before the 3<sup>rd</sup> Ministerial Conference at the end of the year. While we believe that it is important to do so where possible, or make important progress toward that end this year, there are no short cuts. In large measure, the pace of progress depends on the acceding country and its desire to bring its regime into conformity with the rules. For the least-developed who are not yet members of the WTO, the decision taken in their favor during the Uruguay Round already provides the benefits of membership. Thus, their accession and adherence to WTO rules should result in the creation of a more predictable environment for trade and investment. Finally, for those accession negotiations that do not conclude this year, we will have to create appropriate modalities for countries to participate in the new Round launched in Seattle, similar to our approach in the Uruguay Round, during which nine countries acceded to the GATT.

## **THE WORK AHEAD**

Finally, as we develop the agenda for the future, we can find areas in which all of us will benefit from more fully open markets, and in which developing countries can improve their access to modern technologies through new commitments. These opportunities can come in both ongoing results, and in the new Round many of us support. And let me offer a few examples.

## **1. Ongoing Results**

By the Seattle Ministerial, we have the potential to advance goals of importance to us all, but especially to developing countries.

One is the unfettered development of electronic commerce. Our work since May has shown that this method of conducting business is valuable to all members, but especially developing countries. Internet access requires little capital, helps artisans and micro-enterprises find customers with less financial investment and greater ease, and reduces the technical and paperwork burdens that can slow participation in trade. It is thus very important that the WTO agree to continue the moratorium on duties applied to economic transmissions adopted at the last Ministerial conference.

A second is the sectoral liberalization initiative of the Asia-Pacific Economic Cooperation (APEC). Here, our developing country partners in the region have helped to promote trade liberalization even during financial crisis. This initiative recommends opening of sectors of immediate and pressing interest for developing country exporters, notably wood and wood products, toys, fish and fishery products, gems and jewelry, environmental goods and services, and energy. And it recommends opening sectors which offer developing countries greater access to essential technologies, for example medical equipment and environmental goods and services. Thus, by approving this package before the Ministerial Conference, the WTO can both tap new export markets for developing countries, and help them improve hospitals and pollution control -- which in turn will help attract investment as it contributes to public health and a higher quality of life.

A third is the effort to complete an agreement on transparency in government procurement, which would help us create more predictable and competitive bidding, reduce opportunities for bribery and corruption and allow more effective allocation of resources. As Vice President Gore has noted, by increasing attention to openness and transparency in procurement, countries as diverse as Kenya, the Dominican Republic, Argentina and Colombia have improved efficiency and reduced corruption. To note one specific example, through increasing transparency, Guatemala's Ministry of Health has been able to cut expenditures and reduce the price of medicines by an average of 20 percent.

## **2. Further Liberalization**

The new Round also offers substantial longer-term opportunities to developing countries. For example, a critically important element of this Round -- already scheduled for further discussion under the WTO's built-in agenda -- is agriculture.

President Mandela of South Africa cited this at the last WTO Ministerial Conference as an area of comparative advantage for developing countries, in which market access can go further. Here, as we approach a new Round, we hope for consensus on, among other priorities, total

elimination of all export subsidies; reduction and elimination of tariffs; and transparency in State Trading Enterprises. The result will be greater rewards for developing country farmers, improved land and water quality as unsustainable overproduction is reduced, and greater well-being for developing country consumers, as restrictions on trade in food reduce the threat of hunger caused by natural disasters and prices reflect market conditions.

Likewise, liberalization of services can complement these new export opportunities as an indispensable factor in helping countries reach their growth potential. This is especially important for emerging economies, as the delivery of economic services is a critical component of economic infrastructure, which is in turn a source of growth and efficiency throughout the economy. Such services would range from education to telecommunication, express delivery, banking and insurance.

## **CONCLUSION**

Thus, through our own market access policies, and the agenda we are working with our partners to develop for the months and years ahead, the United States hopes to achieve the promise of the WTO.

Together we can create an inclusive, practical system which promotes economic opportunity for working families, farmers and nations; promotes the rule of law around the world; diffuses the blessings of modern technologies for health, education, environmental protection and development everywhere; and raises the standard of living for all our citizens and most of all for the poorest among us.

And this in turn will join with the other policies essential to growth and sustainable development -- from conflict resolution to debt relief efforts like that proposed by President Clinton at the US-Africa Ministerial yesterday, as well as education, health, and development of the rule of law -- to lay the foundation of a more open, more just, and more prosperous world in the next century.

That, of course, is ultimately the goal each of us has set in the creating, joining and developing the trading system. For the past fifty years, it has lived up to the hopes of its founders, freeing vast regions of the world and billions of people from poverty, hunger and want.

Our challenge is to do just as much in the years to come. It will require hard work, open minds, and a willingness to listen; and there is nowhere better than this meeting for the work to begin.